

**Board of Directors Business Meeting**

**Tuesday, March 23, 2021, 7:00 a.m.**

**Location: Idaho Falls Auditorium District Office/Zoom Videoconference**

<https://zoom.us/j/8694715148>

**467 Constitution Way, Idaho Falls, Idaho 83402**

**Attendees: Terri Gazdik, Bob Nitschke, Steve Vucovich, Mike Carpenter, Rob Spear, Mark Fuller, Mike Clements, Blake Davis, Danny Carmen, Ron Warnecke, Chad Hammond, Rebecca Casper, Laura Lewis**

**Agenda**

1. **Action Item** - Call to Order 7 am.
2. **Action Item** - Accept the Agenda. Vucovich moved to accept the agenda. Carpenter seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes 3-9-21 & 3-12-21 – Spear said he made changes submitted by Carpenter, Nitschke, and Fuller.
	2. Review of the Payables/Financials - Payables totaled $33,256.52.

Carpenter moved to accept the consent agenda. Vucovich seconded. Motion passed.

1. **Discussion Item** –Public Comment (Any member of the public is welcome to take three minutes and share concerns or questions with the Board). There were no public comments.
2. **Action Item** – Review and accept Hunden report on future Transient Room Tax Projections. Gazdik introduced the topic and said that based on comments provided back to Hunden they provided an updated executive summary but that Hunden is working on other suggested changes to the draft. Spear said that last week he instructed Hunden to provide three different scenarios for future revenue projections and that Hunden has provided those scenarios. A pessimistic scenario, base scenario, and optimistic scenario. Spear said he received comments from Nitschke Sunday evening and was able to discuss the issues raised by Nitschke with Hunden on Monday 3-22-21. The result was an updated executive summary that reflected several changes recommended by Nitschke such as identifying the hockey team as an amateur team rather than a minor league team. It also explained the 11.5% of 6% figure that was referenced in the report. Spear explained that 11.5% of the 6% sales tax comes back to local governments. Spear said that is another positive example of how the Event Center will impact the community. Spear said the report also clarified that the 215 rooms were added between 2013-2017 and the 92 rooms added in 2018-19. Spear also mentioned that 95 rooms are being added in 2021. Spear said he analyzed the three scenarios and compared them to the Nuveen coverage schedule and was prepared to walk the Board through those comparisons.

Gazdik asked the Board if they wanted to wait until Hunden made all the corrections to the report before taking action. Spear said that Hunden was still making corrections to the body of the report and Spear thought those corrections were mostly clarifying statements and making grammatical corrections. Spear said it was his intention to get the three scenarios in front of the Board in order for them to review. Spear felt it was important information for the Board to have before the discussion on adopting the resolution relating to the sale of Certificates of Participation (COPS).

Carpenter said he has reviewed the tables in the report and said any action taken today should be based on the understanding that any future changes to the Hunden report would not affect the substance or accuracy of the report. Spear said that any future changes coming from Hunden will not impact the executive summary that the Board has before them.

Gazdik said to bolster the report and tell the story of Idaho Falls, the final report should mention the addition of the new airlines coming to the area as Carpenter mentioned.

Nitschke said he would like to review the revised executive summary. Nitschke said he only suggested a few grammatical corrections and his other comments were more substantial and included statements in the report made in error. Nitschke said there is great data available for Idaho Falls that includes impacts of the pandemic, the eclipse and reopening of the Temple. Because of this information Hunden can establish bounds and can create a more defensible likely scenario.

Gazdik said since there are more corrections that need to be made that this agenda item is probably not an action item for the Board. Spear said it was important that the Board be prepared to release the report if the Investor (Nuveen) asks for it. Nitschke said it is important for him to review the report and although he understands the growth of Idaho Falls and revenue streams are very positive, it is important to have more than a qualitative study. Nitschke stated that when you start analyzing numbers and data, you need to be careful and have a defensible document that is justified.

Gazdik asked Laura Lewis if Nuveen has asked for the study. Lewis said they have not but it would be beneficial to have it available to share with them. While there is no timetable for the release of the report, Lewis said the report will support the financing plan of the District.

Gazdik stated that it is necessary to get this wrapped up and get a final product from Hunden as soon as we can. If a special meeting is required, one can be scheduled. Carpenter recommended that a date be specified for when the report needs to be complete and all revisions made. Nitschke recommended putting this on the next Board meeting agenda and give Board members one week to comment after the updated draft is received.

Gazdik said the next Board meeting is three weeks away and suggested comments be provided by 3-31-21. Gazdik asked Lewis to comment on the financing schedule. Lewis explained that the schedule is showing an IFAD Board meeting on April 20, 2021 and that is when the bond documents would be considered for approval with the expectation that closing would occur on April 30th. Lewis said they would need something in advance of that so the purchaser could have a few days to review. Gazdik asked if releasing the Hunden report after the 4-13-21 meeting would work. Lewis said that would work.

Nitschke said the timing is based on when Hunden responds. Hunden said they would have the next draft on 3-26-21 and if that were the case that would work. Carpenter and Vucovich also agreed.

Gazdik asked for that to be placed on the agenda for 4-13-21.

1. **Action Item** – Adopt a resolution for the Idaho Falls Auditorium

District approving the sale of certificates of participation for the financing of the costs of improvements for the construction of an event center. Gazdik introduced the topic and asked Fuller to comment. Fuller responded that this document is simply authorizing the finance team to move forward and prepare the remaining documents. It is designed to telegraph to Nuveen and others that the Board has been kept informed and willing to move forward. At this time, it does not commit the Board to do anything. Fuller said the document that went out in the Board materials was changed slightly and he communicated the changes to the Board. Fuller explained that the Chairperson of the Board is also recognized as the President and that all documents relating to the potential transaction will refer to the Board Chair as the President. Fuller explained this reference is better understood in the financial industry. Fuller also explained the formal name of the District is the City of Idaho Falls Auditorium District because those who organized the entity wanted to telegraph that the territorial boundaries of the District were identical to the territorial boundaries of the City of Idaho Falls.

Gazdik asked if there were questions and if the Board needed to have the resolution read. There were no questions nor did the Board feel that the resolution needed to be read. Gazdik asked for a motion to approve the resolution. Vucovich made the motion. Nitschke seconded. Fuller suggested he read the relevant sections of the resolution. “The Board hereby directs the Board’s Secretary to work with the Board’s finance team to draft documents and schedule the sale and issuance of the Certificates of Participation to finance the Project, with the execution of finance documents and the sale of the Certificates of Participation being contingent on approval by the Board.”

Nitschke asked who was the Board Secretary. Fuller informed the Board that Spear was elected Secretary.

Motion passed.

**Report and Updates**

1. **Discussion Items** - Executive Director Report
	1. Fundraising/Financing – Spear said he provided a lot of detail in his weekly executive director report and said there are very positive things related to fundraising. Spear said the District signed an NDA with one of the entities. Another entity in the healthcare industry has been presented with an updated proposal. Spear is optimistic that several of these gifts will close soon.

Spear said he participated in several calls related to the financing plan, including several calls with all the attorneys involved in the process. Spear was also involved in discussions with the disclosure counsel who is preparing disclosure information on the property tax issue raised by the underwriter counsel. Spear said IFAD has a good story to tell and all indications point toward this not becoming an issue.

Nitschke asked what the potential property tax liability would be. Spear said it is estimated in excess of $300k annually based on a $50M tax base for just improvement, not real property.

* 1. State Tax Commission Reports – Spear said he continues to work with the State Tax Commission on reconciliations. Part of the problem is the State Tax Commission has been using three different accounting systems. Moving forward there will be only one accounting system.

Spear said he contacted the Mayor of Driggs who provided him information on the settlement the City of Driggs entered into with marketplace facilitators. Spear said he would ask the State Commission if they want to take any action on these potential outstanding remittances.

Nitschke asked about how much the back taxes could total. Spear said last year Airbnb alone amounted to $50k and that we could go back to 2017. The estimate for Airbnb could be around $150k and this does not include any possible amounts from Travelscape, Hotels.com, etc.

* 1. Guaranteed Maximum Price Update – Spear asked Clements and Davis to comment. Clements said the GMP is hovering around the target number of $51M or less. Clements said they are still working through about 10 bid packages and things are looking good. Davis said he agreed with that and said that on the Hogan side they could even pick up more Value Engineering (VE) savings and stated things are looking great. Fuller asked about what Bateman Hall is doing to generate GMP numbers on the 4-6 packages in which there were no bids. Clements said that they have that covered and if they are unable to get numbers before the GMP is due they would get solid numbers estimated for those packages. Clements and Davis said it is likely they will rebid the Fire Supression package and the Finishings/Millwork package. Vucovich asked if the Finishings/Millwork was one of the largest increases. Davis said it was excessively higher.

Nitschke asked who CRSA has assigned to the project since DeKold’s departure. Spear said that Danny Carmen is the lead architect and the project is now being managed by Kathy Wheadon. Gazdik asked Carmen to introduce himself. Carmen said he has been working on the project since the departure of Trenton Saxton and has some background and was involved in producing the original 2019 construction documents. Carmen said Wheadon is new to the project.

* 1. Action Items
		+ Work with Hunden to finalize the report. Spear asked if the Board needed to have a call with Hunden. Nitschke stated that a phone call prior to the meeting would be valuable. Spear suggested having the call with Nitschke, Hunden and another Board member. Carpenter said he would be interested in participating.
		+ Spear said the Board may need to schedule a special meeting to approve the GMP that is due on 3-31-21
1. **Discussion Item** - Legal Report – Fuller stated the deadline for applicants to file for the vacant Board seats was last week and that two candidates have filed. Mike Carpenter for the Board seat he currently occupies and Ron Warnecke for the other seat. Fuller said these applications have been certified. Fuller said if there are no write-in candidates both Carpenter and Warnecke would be elected. Fuller said at the end of the write-in candidacy period which is 3-26-21, if there are no write-in candidates, then neither Carpenter or Warnecke would appear on the ballot.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on April 13, 2021**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for April 13, 2021 meeting
	1. Approve Hunden Report
	2. Approve GMP

Meeting adjourned 7:48 am